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WIFA Approves Additional \$9.5 Million For Next Phase of Lake Havasu Sewer Expansion

PHOENIX (Feb.25, 2004) – Water Infrastructure Finance Authority of Arizona (WIFA) Chairman Steve Owens today announced approval of a \$9.5 million loan that will allow Lake Havasu City to continue expansion of the city's wastewater system.

The city is in the second year of a 10 year design and construction program to upgrade and expand its sewer. The total cost of the project is projected to be \$463 million.

The additional \$9.5 million in WIFA assistance will be used to complete construction of the Kiowa West area expansion and to begin design for projects planned in program year three. This is the second WIFA sewer loan for the city.

WIFA approved the first loan of \$22,780,000 for planning and design in July 2002. The loan additionally supported start-up construction in the Jamaica/Daytona, Kiowa and North Palo Verde West areas.

"Lake Havasu City is making substantial progress toward implementing a centralized sewer system," said Owens, who is also director of the Arizona Department of Environmental Quality. "The city has demonstrated remarkable efficiency with the project funds, completing work well ahead of schedule."

The new WIFA loan will fund continued expansion of the Kiowa West area to connect more than 475 properties to the sewer system with gravity sewer mains, manholes and pump stations.

Plans include upgrades to both the Mulberry and Island wastewater treatment facilities (WWTF). Treatment capacity at Mulberry will increase from 1.1 million gallons per day (MGD) to 2.2 MGD as well as other improvements. The Island WWTF upgrade includes installation of a Supervisory Computer Assisted Data Acquisition (SCADA) system in addition to other improvements.

(more)

The North Regional Wastewater Treatment Facility with an initial treatment capacity of 3.5 MGD will be designed with the WIFA loan for program year three.

The third year plan also includes the design of the SR95 force main and pump station.

About the Water Infrastructure Finance Authority of Arizona

The Water Infrastructure Finance Authority of Arizona (WIFA) is an agency of the state authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation, and other water quality facilities/projects. Generally, WIFA offers borrowers below market interest on loans for 100% of eligible project costs.

As a "bond bank", WIFA is authorized to issue water quality bonds on behalf of communities for basic water infrastructure. By pooling different entities' financing needs, WIFA provides significant savings through reduced borrowing amounts, lower interest rates, and shared/reduced closing costs.

WIFA's principal tools for providing low interest financial assistance include the Clean Water Revolving Fund (CWRF) for publicly held wastewater treatment projects and the Drinking Water Revolving Fund (DWRf) for both publicly- and privately-held drinking water systems. Both funds are capitalized by contributions from the state and the US Congress. Presently Arizona receives about \$20 million in federal allocations annually for the wastewater and drinking water infrastructure construction improvements.

The formula used by Congress for wastewater allocations is based on 1970's data. If the formula were based on current population and infrastructure needs, the state would receive 4 or 5 times the current allocation of approximately \$9 million.